

Fairhope: Legitimate Success
or Paid Political Advertisement?

The Role of Joseph Fels
in Colony Success: 1894-1909

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Should one decide to take a stroll around the town of Fairhope, Alabama, the street names might not seem so odd as perhaps without particular meaning, even to a native Fairhoper. Names like Mann, Fels, Bancroft, Bostedo, Morphy, and White are not unusual. And yet, they are not without meaning to the town, despite any lack of recognition in the face of the uninformed walker. These were the men who insured that Fairhope had the land in its early days to lay out the very streets which now bear their names. These were the men who gambled their money on a small experimental community which many of them would never actually live in, and in doing so, insured that the community would grow and prosper so that others of less wealth, who were less tied down, might go and make themselves a new home.

In the winter of 1894-95, a small group of the less wealthy, a band of Iowa Populists, arrived on the Eastern Shore of Mobile Bay in Baldwin County, Alabama to establish the Fairhope Single Tax Colony. There they hoped to demonstrate the feasibility of Henry George's vision of the single tax, doing away with land speculation and taking taxes only on land values to raise public funds. Their constitution stated their purpose as the establishment of ". . . a model community or colony, free from all forms of private monopoly, and to secure to its members therein equality of opportunity, the full reward of individual efforts, and the benefits of cooperation in matters of general concern."¹

Such a community they established, and eighty-eight years later the Fairhope Single Tax Corporation is still a vital part

of an active and happy community. In 1894, however, there were few colonists and little land had been purchased due to lack of funds. What land they had was of a poor variety for farming. Worst of all, the very demon which they so abhorred, land speculation, threatened to make expansion of the colony almost impossible. As it became known that settlers were moving in, surrounding properties tended to go up in price. How could the initial few make their experiment work under such adverse conditions?

It must be remembered that the Fairhope plan was not based on a literal interpretation of the single tax, as most members would have preferred, of course, if it had been possible. In fact, however, it was not possible under the existing laws of the nation, and of Alabama, to do away with all taxes except those on land use, charging the full economic rent on each piece of property. The scheme proposed by Fairhoppers instead called for colony ownership of all land, which the colony would in turn rent to members (and later nonmembers) for its full use value. Out of these funds, the colony would then pay the individual taxes (county, state, and federal) of its lessees, using the remainder to finance public services and improvements and turning any final unappropriated funds back into the hands of individual members of the community. Thus the single tax was to be simulated within the old economic system.

This distinction between pure and simulated single tax is important in looking at the success or failure of Fairhope. Surely Fairhope did not demonstrate the workings of a large scale, independent single tax state -- it did not try. But

did Fairhope even succeed at simulating the single tax within a hostile world -- at being an object lesson for those who might want to reform the whole system? This was the concern of Mr. Joseph Fels, a wealthy Fairhope benefactor, as he wrote to the colony's anniversary celebration in January of 1910:

And what of Fairhope? To what extent does the colony fulfill the hopes of the founders and those who have a right to expect that the object lesson shall be one of permanent value to the country in the way of creation of land value by all the people and for all the people. Fairhope has a distinct duty to perform. To what extent is she performing it? . . . Not only the friends and contributors toward the purchase of land for the colony desire to know but it is important that the whole world know . . . 2

Surely, none could dispute the fact of outward success in 1910. The colony was a success by all possible community standards. Public ^{works} included a telephone system, a wharf and steamer (previously owned by the Corporation), a library, a school, and a public water system. Land was plentiful and residents were mostly prosperous.

Still, as late as 1907 there were those who were skeptical of the experiment's worth. In reply to one such criticism, E. B. Gaston, the colony secretary and editor of the colony organ, the Fairhope Courier, put the situation in this perspective:

. . . the tangible benefits of the policy of taking land values for public use are small where land values are small, and increase directly as land values increase. During our first years our land values were practically nothing. Even now the total annual values collected are only equal to the salary of a high class employe. Our accomplishments must also be measured by comparison with those of similarly situated communities pursuing the prevalent policy.

Fairhope shines most brightly in such a comparison. 3

And, indeed, it did shine most brightly, but was this the result of the single tax, or of the Fairhoppers themselves, or of some outside force?

One explanation for the success of Fairhope could be those ". . . friends and contributors toward the purchase of land for the colony . . ." whom Fels mentions (and represents), for they gave more than just land. These men, especially Fels, gave money as well, and many of them would never actually come to reap the benefits of their contributions. To discover their role in the survival and prosperity of Fairhope in the early years, it is important to know who these men were and what their relationship with the colony consisted of.

Fairhope initially received a major part of its outside support, both ideologically and financially, from cities such as New York, Philadelphia, and Chicago. The Chicago Single Tax Club was always much concerned with Fairhope, J. J. Mogg and L. G. Bostedo being the colony's main advocates within the group. Both Mogg and Bostedo gave money to the struggling enterprise, the latter contributing the greater amount. The Fairhope Courier says, "Mr. Bostedo is a successful businessman of Chicago, being at the head of the Bostedo Package and Cash & Carrier Co. and himself the inventor of the devices manufactured by the company."⁴ Later he is described as ". . . a dealer in stock, bonds and grain, (who) has defied 'the system,' with which he is having a tremendous fight."⁵

Besides making available at least the following funds: \$60 for wharf certificates, \$38 for the new steamer, and \$25 to the land fund (in 1895); Bostedo also teamed with his friend A. E. Nusbaum of Sears and Roebuck to secure land for the colony.

In 1896, they bought a half section of land (320 acres) adjoining the colony land and held it, giving the colony the option to buy at cost plus 6% at its convenience. The option was taken advantage of by the colony shortly after the land had been sold to Mr. C. K. Brown, with the stipulation that the option would still hold. Brown had already built his sawmill and house on the property. Of the two men, however, who actually made the deal possible, Mr. Nusbaum had never actually seen the town, while Bostedo had visited only once.

Of the others who secured land in large tracts, besides Fels, two were Fairhoppers and two were from outside the colony. William Morphy, of Des Moines Iowa, and A. White, of Vallejo California, never came to live in Fairhope, yet both purchased 40 acre tracts for the colony. Together with Mrs. C. P. Sykes of Fairhope, they purchased 90 acres belonging to Mrs. S. I. Tatum for a total of \$1600.⁶ The colony was given two and five year options to buy, with 6% again being the rate of interest -- a generous offer. In addition, White also gave \$100 as a membership fee and \$100 more to be put toward either the water works or purchase of the Bostedo-Nusbaum tract. In explanation of these outlays, White would only say, ". . . I have no immediate use for the money . . ."⁷

Among the resident Fairhoppers, George M. Bancroft and S. S. Mann were most generous. Both men were elected president of the Association at one time, with Bancroft running the Fairhope House for a number of years and Mann maintaining his printing press business in Des Moines, requiring frequent trips

back and forth. Mann not only supplied the Courier with a badly needed printing press and contributed money to both the steamer (\$100) and the wharf fund (\$22), he also purchased the 2,360 acre Bowen Estate, making it available to the colony ". . . as it needed and was able to pay for it at net cost to him plus six per cent. . . ." ⁸

Bancroft also took stock in the steamer (\$50) and made several different deals to obtain land for the colony. The first of these was in 1896 when he offered 320 acres to the Association, which they accepted as his membership fee. ⁹ Later he was to give the colony options on plots of 200 acres and 160 acres, taking a 6% interest in each case.

These were the men who secured land and funds for Fairhope: Bostedo, White, Morphy, Bancroft, and Mann -- all but one, that is. The greatest benefactor that Fairhope knew in its first fifteen years was a short fireplug of a man named Joseph Fels. That the foremost benefactor of Fairhope should come from Philadelphia, birthplace of Henry George, is only fitting. That in the end he should refuse to come to Fairhope until Gaston and Fels' agent, Robert F. Powell, cleared up his financial obligations, seems hardly just. What was his relationship with the colony and why did it leave such a bad taste in Fels' mouth?

Joseph Fels was not born to wealth. His father tried several times to make it in the soap manufacturing business and succeeded poorly. When Joseph entered the business, prospects were not much better. The young Fels, however, was in the right place at the right time. He discovered a small competitor who had learned the process of using Naptha to improve his soaps,

but whose business was struggling and could not support the heavy costs of marketing the new soap. Fels took a gamble, buying out the process, perfecting it, and putting all his marketing efforts into the new product: Fels-Naptha. He never really had to do anything else. Fels-Naptha products were such a success that Fels was soon a millionaire and began to contemplate introducing his product in England.

Meanwhile, Fels had been introduced to the concept of the single tax through the Philadelphia chapter of the Society for Ethical Culture, of which he and his wife Mary were members. On at least one occasion, the Young People's Section of this society met at the home of the Philadelphia Single Tax Club and heard from G. G. Steven on Henry George's ideas and principles.¹⁰ Fels was impressed, but not immediately won over. For him, acceptance of the single tax as the one and only necessary reform was a slow but steady process. In the end, he would be the foremost advocate of the single tax on the international scene, but he was far from this in his younger Philadelphia days. Instead, he gave his time and money to the Philadelphia Vacant Lots movement which his friend Robert F. Powell headed.

Still, when Fels learned of Fairhope and started receiving the Courier in late 1898, it must have seemed to Secretary Gaston that Fels' one and only interest was the new colony. His first few letters were spiced with generous offers to help with such improvements as a library, telephone system, and water supply, all suggested by Gaston. A typical offer was made in these terms:

I am willing to advance \$200 towards the completion of your water supply, under the conditions you describe, to be returned \$10 monthly for 20 months. You may include the legal interest of 6% in any way that your association laws will permit. It will then be on a business basis. 11

Thus, in the beginning Fels made business loans and investments, not gifts outright.

This business-like relationship was in line with colony policy as well as Fels' wishes. Speaking to Fels anonymously through the Courier, Gaston explains:

It has been our policy from the beginning, and will be strictly adhered to, to borrow no money, and incur no indebtedness which might possibly endanger the homes of our people, but we think we can suggest to our friend a plan by which he can make a safe investment of his idle capital, and at the same time render us substantial and appreciated assistance in the work we have in hand. 12

The key phrase here was "indebtedness which might possibly endanger the homes of our people". The colony must avoid mortgaging property rights, and thus private financing was essential. The safe investment offered in Fels early involvement was based on either an earning of 6% on funds provided or on some type of stock or certificate ownership.

The resident Fairhoppers had chosen to issue wharf certificates to finance the building of their wharf, in keeping with the "Guernsey Market House plan." This plan provided for certificates to be redeemable in wharf usage, and for the colony to pay off certificates in the amount of \$1.25 for every \$1.00 invested. Fels became aware of Fairhope after this scheme had already been carried out, but a new scheme was offered for

financing a needed steamboat to be built in Fairhope.

Almost exclusively, the new steamer was a Philadelphia operation. Not only did Fels purchase \$2,200 worth of stock certificates (about 2/3 of the cost), but his friends from Philadelphia contributed most of the rest (D. S. Brown: \$300, George Dreizler: \$300, D. D. Chidester: \$212, and Arthur Stevenson: \$200). No wonder Gaston thought it appropriate that the new boat glide into the water on Fels-Naptha soap.¹³ Perhaps he also thought it important, however, to downplay outside involvement to make it appear that the colony was being so successful of its own accord. The description given in each issue of the Courier fairly smothered the reader with home town accomplishment:

The fine new propellor steamer FAIRHOPE, built at Fairhope by Fairhope labor and chiefly out of Fairhope material and manned by a Fairhope crew gives direct daily service between Fairhope and Mobile with a 25 cent passenger fare and low rates on freight. ¹⁴

The boat was actually listed in Gaston's name, as trustee for the Philadelphia financiers. It was run for two years by the Association through a Boat Committee, but when the boat began to stop service because of frequent repairs, it was unanimously voted to turn the operation back over to Gaston as trustee.¹⁵ In other words, when the boat was running well and bringing in business to the town, it was strictly a Fairhope venture showing the business strength and resourcefulness of the community. When things began to go wrong, it was once again the affair of Gaston and Fels.

In another instance regarding Fels, Gaston seems to be

concerned with the image presented by Fels' generosity -- this time in response to a dispute within the colony over how public works should be funded. In the simplest terms, Gaston headed one group who favored pressing ahead with public improvements by whatever means available, while James Bellangee, another of the founders, represented the opposing belief that the colony should only attempt such improvements as it could pay for out of yearly land rents. Gaston won out in the dispute, but a letter that he received from Fels shows their concern with the matter:

Regarding the money I subscribed toward the library, Powell tells me that it is the intention of the colony to ultimately turn that money into the land fund, so that all such things will have been paid for out of land rentals, as it is a public improvement, so it can then be said that gifts have not produced prosperity. Suits me exactly. 16

The change appears to be largely cosmetic. Obviously the colony is better off as a result of Fels' gift, for had it not been made, land rental income would have surely been used to augment the land fund, thus diminishing the money available for public improvements. So the money actually made public improvements possible. Whether or not the purchase of land to help establish the colony is within the sphere of "gifts producing prosperity" is a question which this paper will attempt to answer in the following paragraphs. But, first, how else did Joseph Fels benefit Fairhope and what were his reasons for doing so?

A partial list of Fels' contributions to Fairhope is given as an appendix. It consists of land deals (including the gift of the 2,200 acre Mann-Hoyle tract -- possibly never meant to

be a gift), as well as loans, investments, and outright gifts. Among the most interesting of these is his support of his friend and correspondent, E. B. Gaston, and Gaston's paper, the Courier. Fels could be both supportive and brutally harsh:

. . . generally the paper is pretty amatuerish. I know you know how to get up a paper -- If it shows improvement in the near future, I'll be writing to subscribe for a considerable number of copies . . . How do you get on financially? 17

This letter is typical in its concern for both the quality of the Courier and for Gaston's financial situation. On another occasion, Fels sends a \$500 check ". . . for you -- to be used for the paper privately, or for such things as you wish help in to make you easier and happier."¹⁸ Apparently the colony was neither paying him enough as Secretary nor supporting the Courier sufficiently for Gaston to be financially comfortable. In fact, it was at the suggestion of Mr. Fels that the Secretary's salary was raised, and later that the Courier was partially reimbursed for its weekly broadcast of colony business and promotion.¹⁹

Fels main investment, the steamer, was unfortunately a failure. It burned in 1905, un-amortized and un-insured. This failure, in combination with what he perceived to be bickering and squabbling among local Fairhoppers, was perhaps the reason that Fels' interest in the colony waned by around 1909 (he had also become involved in the English land reform movement and the international single tax cause). Still, even after he had absolved the colony of all guilt and personally absorbed the loss through private dealings with Gaston and Powell, it was the Fairhope Improvement Company which set about to run the

SS FAIRHOPE II --Fels was a director and the major stockholder of the FIC. In his speech to the town Fels said:

. . . after all the money had been well invested and had borne a good interest in the service the boat had given and the prestige accruing to the colony because of it. 20

What was the interest which Fels had expected when he first invested in the boat? Certainly he did not expect to get rich off of either his 6% loans or the revenues from the steamer. Nor did ^{he} want fame and acclaim in Fairhope -- that much is pointedly obvious. A letter from Fels to Gaston in 1906 concerning the naming of the library is typical of his attitude:

Please do not let any more things down there be called by my name. It is the hardest thing in the world to make you people understand that I hate hero-worship! 21

This attitude seems to have been genuine, for he repeated such pleas over and over in his letters. Mary Fels wrote of her husband's generosity:

He helped people constantly. There seemed in him a generous notion of philanthropy -- in the original sense of that word. He gave freely, even when his own income was small and needed in the business . . . 22

Indeed Arthur Dudden, Fels biographer, asserts that it was a protracted dispute with his brother Sam over use of company funds for social reform that led Joseph and his wife to England in 1901.²³ They would spend most of their remaining lives in London, when Fels was not touring around the United States and the world.

Fels himself gave few reasons for his generosity, although he was constantly being asked about ulterior motives.

My reason? Besides the fact that I believe this would be a reform which would settle most if not the whole of the problems of poverty, I have another reason. When I turn my toes up to the daisies . . . my money will be no help to me. I feel I had better put it where it will do the most good now while I have breath and a few brains left to apply it. 24

Certainly Fels did not intend to ever settle in Fairhope and take advantage of his own generosity. Apparently, he once told his friend Daniel Keifer of Cincinnati that, ". . . my wife would be supremely happy in such a place, but our growing children preclude our self indulgence."²⁵ This hardly seems plausible, however, since Fels was so busy that he knew as little about his children as he did about the fact that his wife was having an affair.²⁶ Indeed, his children were almost grown and the real reason Fels would never live in Fairhope was that even such a bustling little town could not demand all of his energy nor satisfy his need to be in the thick of the action.

Dudden maintains that Fels did keep a close eye on Fairhope, however. He implies that Fels attempted to keep a tight reign on happenings in Fairhope when he says:

Fels was not content to just send his money nor to leave Fairhope's management alone. His visitations were purposeful and time consuming, though he was a busy man with little time to spare. 27

While this may be true, it is also true that Fels only concerned himself with matters of appearance. The two main concerns

of his first two visits, at least as far as his public statements show, were trash on the streets and the appearance of some of the less permanent buildings. In all, he visited only five times. When it came to major policy questions, Fels did not choose to wield whatever leverage he might have enjoyed. In a letter to Dr. Greeno, one of the resident "kickers," concerning the town organization he stated:

As for myself, I have never believed in the necessity for a municipality such as has been formed there, but I never raised any objection because the people down there should run their own affairs . . . My interest in Fairhope is purely that of wanting to help carry out the plan by which all public revenue shall be raised out of land values. Any other scheme can therefore hardly appeal to me . . . 28

Joseph Fels was interested neither in personal gain, financial or social, nor in running Fairhope. He was interested in the people of Fairhope, but even more so, in the example that they set for the rest of the world. Fels wanted Fairhope to be a shining exhibit of the possibilities that the single tax offered, and therefore it was imperative not only that the colony should succeed, but that the world should know about it. In trying to achieve these goals, however, did he actually prop up a failing community? Was Fairhope's success actually little more than a political advertisement for the single tax, paid for by Joseph Fels and packaged by E. B. Gaston? The answer is a matter of emphasis, but the nature of the experiment and the evidence of the concerns of those involved point toward the legitimate success of the colony, with help from Fels of a very special and substantial nature.

The previously mentioned question of land being purchased

by outsiders is easily dealt with. This was simply a necessity of the economic order within which the experiment was made. In a totally single tax world, the problem of purchasing land would, of course, not exist. And yet, the Association must have land on which to simulate its single tax doctrines. The obvious solution is to ask for contributions toward land from supporters of the single tax outside of the community and all over the world. This is what the colony did, with Gaston stating repeatedly that land was the only area in which they asked for outside help in the way of donations. Surely land purchase was not a case of gifts producing prosperity -- only of evening the score at the start of the game.

The donations of George M. Bancroft and S. S. Mann need not be associated with outside gifts bringing Fairhope prosperity by any standards, for they were both native Fairhoppers. In any town, single tax or not, there are bound to be those who are better off financially and who give more to the common weal -- not always the same people, incidentally. Bancroft and Mann were such men.

Exhonerating, then, those who gave only land and those who were actually part of the experiment themselves, only Fels is left to face the charge of buying Fairhope's success. How much did he contribute to the success of Fairhope and what does that imply about the feasibility of the single tax without such contributions? While Fels contributions to Fairhope were great, they had more to with the nature and publicity of the colony's success than with the fact of it. Joseph Fels did not make Fairhope possible, he simply contributed to its growth, and he also insured that the rest of the world knew of the success

which Fairhope was experiencing.

It is important to note that Fels' major gifts, outside of land which we have already discussed, were either to improve promotion and appearance of the colony or to enhance its cultural possibilities. Gaston, as the colony's main promoter, received much of Fels' attention, both personally and in regard to the Courier. The image presented by the colony was always foremost in his mind, and therefore the area in which Fels attempted to make his influence felt the most was in the improvement of the Courier.

Fels' other major gifts, the library and the School of Organic Education, fall into the area of cultural concerns. These were institutions of which any community could be proud, but surely they were not to be measures of the success of an economic experiment. Regardless of whether they might have existed had Fels not given his gifts, it should be noted that even in non-single tax communities libraries are often the result of philanthropy, and the School of Organic Education in Fairhope went above and beyond the normal pale of public education in any community. These institutions would have been icing on any community cake of success, no matter how many layers beneath.

In regard to the steamer, Fels simply made an unfortunate investment which did not pay off for him personally, but which benefitted the colony for a period of years. Surely the steamer was a major part of the success of Fairhope in the early years -- this is not to be denied. But to say that Fels bought the success of the colony by handing it a steamer is simply not true. The boat was a business investment just as C. K. Brown's saw-mill and Mershon Brothers' Store were. Fairhope was not a

colony at war with the capitalist system -- it encouraged free enterprise and individual investment. Fels took advantage of such an atmosphere and made available ". . . a little idle capital seeking investment."²⁹

Finally, if Fels and Gaston attempted to downplay the former's involvement in the success of Fairhope, which they did to a certain extent, this may be partly attributed to Fels' wish that he remain only a "'high private in the rear rank' so far as my desire for publicity goes."³⁰ Still, it was obvious to both men that Fairhope was greatly in Mr. Fels' debt and that a full display of his generosity might relegate the true issue, the single tax, to a secondary concern. Whatever their motives, it is obvious they thought Fairhope a success (if for no other reason than that land values in the surrounding area were falling instead of rising), and their foremost concern was with the broadcast of that success to all who would listen.

Perhaps it is not fitting that Joseph Fels has only one street named after him in Fairhope -- the Howland-Fels library certainly would have been appropriate, but Fels would have no part of it. Fels was the foremost benefactor of the town for its first fifteen years, helping not only to insure a firm footing on the land, but also to improve the cultural opportunities of the community, and perhaps most important to him, insuring that the rest of the world saw the success which he helped to bring about. For he did only help to make the success which Fairhope enjoyed, he did not prop up an ailing community with his money. Fels, in his own quiet way, helped a strong and vital community to grow, and in doing so was one of many, both in

and out of Fairhope, who contributed to a demonstration of the possibilities for success presented by Henry George's theory of the single tax.

APPENDIX: FELS'
CONTRIBUTIONS TO FAIRHOPE

Land: 2,200 acre Mann-Hoyle tract (gift)
418 acres worth \$1480 (gift)
Fels tract (?) optioned then turned over to Colony

Loans: \$1,000 personal loan to E. B. Gaston
\$2,200 investment in steamer (2/3 of total stock)
\$200 for water supply (6%)
\$200-500 offered for telephone system (6%)

Gifts: \$10,000 to build and maintain school
\$1,000 for public library
\$600 for Fairhope Courier (two payments: \$100 and \$500)
\$1,300 to close suit privately with boat creditors
\$100 for membership (used in the land fund)
shipment of Jadoo fertilizer

ENDNOTES

1. Constitution of Fairhope Industrial Association, quoted from Alyea, Fairhope, 1894-1954: The Story of a Single Tax Colony, p. 10
2. The Fairhope Courier, January 14, 1910
3. Ibid, November 15, 1907
4. Ibid, March 15, 1895
5. Ibid, October 20, 1905
6. Ibid, May 1, 1900
7. Letter: A. White to E. B. Gaston, FCA, December 28, 1898
8. Courier, May 1, 1897
9. Ibid, November 1, 1896
10. Dudden, Joseph Fels and the Single Tax Movement, p. 30
11. Letter: Joseph Fels to E. B. Gaston, FCA, no date (1899?)
12. Courier, December 1, 1897
13. Ibid, July 1, 1901
14. Ibid, October 1, 1903
15. Ibid, November 24, 1905
16. Letter: Fels to Gaston, January 13, 1906
17. Letter: Fels to Gaston, March 23, 1906
18. Letter: Fels to Gaston, July 15, 1906

19. Courier, March 1, 1904
20. Ibid, December 29, 1905
21. Letter: Fels to Gaston, February 16, 1906
22. Mary Fels quoted in Dudden, p. 28
23. Dudden, p. 43
24. Courier, October 22, 1909
25. Ibid, March 15, 1904
26. Dudden, p. 123
27. Ibid
28. Letter: Fels to Dr. H. S. Greeno, no date
29. Courier, December 1, 1897
30. Ibid, December 1, 1901

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